

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0331P

Withholding Tax

Months Ending 1/31/01, 2/28/01, 4/30/01, 5/31/01, 7/31/01, and 8/31/01

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

II. **Tax Administration** – Interest

Authority: IC 6-8.1-10-1; 45 IAC 15-11-1

Taxpayer protests the interest assessed.

STATEMENT OF FACTS

Taxpayer was assessed late filing penalties for several months in the year 2001. In a letter dated November 27, 2001, taxpayer requests the department waive the penalties and interest assessed against it.

Taxpayer states its payroll was being outsourced and a decision was made to bring it back in house with its new software capable of processing payroll. Taxpayer further states it notified the payroll outsourcing company to that effect but that company did not inform them nor send paperwork stating it was paying by EFT. Taxpayer states it was unaware of the proper filing requirements and believes the blame lies with the payroll outsourcing company. Taxpayer states it has resolved the problem and has been timely paying monthly as required.

I. **Tax Administration** – Penalty

DISCUSSION

Taxpayer had an outsourcing company prepare its payroll until the year 2001 when it began remitting its own tax. Taxpayer states it was unaware of the filing requirements or the proper reporting procedure. Taxpayer further states it has cleared up the problem and has begun to file and pay monthly as required.

The Department finds the penalty appropriate. Taxpayer's failure to remit the tax was not the result of reasonable cause. Taxpayer must make itself aware of proper filing procedures and time limits when removing its representative from a filing procedure.

FINDING

Taxpayer's protest is denied.

II. Tax Administration – Interest

DISCUSSION

Taxpayer requests that the department waive the interest assessed.

The Indiana statute does not allow a waiver of interest.

FINDING

Taxpayer's protest is denied.